

## Dr. Schneider Automotive Systems

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**Location:** Russel Springs, Kentucky

**Occupations of apprentices:**

- Mechatronics technician
- Tool maintenance technician
- Injection mold setter

**Company Web Address:** <http://www.dr-schneider.com/en>

### Background<sup>35</sup>

In 1927, Dr. Schneider Unternehmensgruppe started manufacturing cigars in Neuses, Germany. Nine years later, the company added plastics manufacturing as a second line of business. The company dropped its cigar production in 1955 to focus on plastics and today Dr. Schneider Automotive Systems, as the firm is now known, is regarded as a high-quality automobile-related plastic products manufacturer. Dr. Schneider's products include ventilation systems, interior covers, instrument panels, and center consoles. The company today has 3,600 employees spread across seven locations worldwide, including Russell Springs, Kentucky. The 130,000-square-foot Russell Springs plant opened in 2014 and houses 39 injection molding machines. The company's 240 employees must be highly skilled to maximize the value of this equipment and serve its clients, which include German brands Mercedes Benz, BMW and Audi, as well as Ford Motor Company.

### Motivation

Dr. Schneider's decision to establish apprenticeship programs in its Russell Springs plant reflects its dual roots as a German company and a Kentucky employer. Its German-born plant manager found that the Russell County labor market was not supplying sufficient skilled labor for the plant and that the company would have to recruit workers from outside the area. Wanting to recruit locally, the firm drew from its German experience with apprenticeships to develop the talent it needed while also strengthening the local labor force. The Tech Ready Apprentices for Careers in Kentucky (TRACK) initiative, an existing pre-apprenticeship program, provided the local support needed to get Dr. Schneider's U.S.-based apprenticeship program off the ground.

### Recruiting

TRACK provides a pathway from career and technical education into a registered apprenticeship beginning in students' junior year of high school. Dr. Schneider works with the Lake Cumberland Area Technology Center and Russell County High School to recruit sophomores, who apply and interview with the company. The interview process is essentially identical to that used with regular employees. Applicants highlight why they want to take part in the apprenticeship program and demonstrate their readiness through their freshman and sophomore classwork. Typically, two or three students are ultimately selected and offered an apprenticeship at Dr. Schneider.

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<sup>35</sup> For more information on Dr. Schneider's apprenticeship programs, see: <http://www.lanereport.com/64748/2016/06/youth-apprentices-excelling-at-dr-schneider-automotive-systems/>.

## Program Details

Students enter the three- to four-year apprenticeship program in their junior year. They attend school in the morning, taking courses that Dr. Schneider selects in multiple subject areas encompassing maintenance of facilities, molds, and robotics, while also working a maximum of 30 hours a week while school is in session. After they graduate from high school or the technology center, students take additional classes at Somerset Community College in their selected field of study. Students also conduct training with Paulson, a computer based adaptable learning aid purchased by the company.

Over the first two years, apprentices will log 1,000 hours of paid OJT in mold setting, tool making, and mechatronics. In the first year, some apprentices are already programming robots. The company finds that after six to seven months many apprentices are at the same level as other workers. The tasks they perform may be less related to the apprentices' skill than to their age. For example, health and safety regulations prohibit a minor from operating an overhead crane. By the third year, apprentices are working without constant mentor supervision and begin handling the planning and implementation of projects.

Upon completion of the apprenticeship, students will have earned a TRACK certification in their selected field for their pre-apprenticeship training in the Lake Cumberland Area Technology Center. They also receive a journeyman certificate from DOL and some students choose to earn industry-specific certifications in skills, such as welding. They also earn an associate's degree from Somerset Community College as a result of the dual credit system that allows for the transfer of their technical center credits to their college transcripts.

Based upon available positions, apprentices are hired at the conclusion of their apprenticeship. During the personnel planning for the following year, graduating apprentices will be included in these calculations.

## Costs and Benefits

The major cost for Dr. Schneider, like all the companies in this study, is apprentices' wages. Apprentices begin earning \$8.00 per hour their junior year and by their third year are earning \$11.50 per hour. Apprenticeship graduates earn around \$20.00 per hour if they are hired at the end of their program. Overall the company estimates that the yearly cost per apprentice is \$20,000 to \$30,000, with an additional \$6,000 to \$10,000 during the third year for community college tuition. Partly offsetting those costs are the lower recruitment costs afforded by the TRACK program, which provides a well-defined local pool of candidates at Lake Cumberland Area Technology Center and the local high school. Dr. Schneider estimates that it costs them 20 percent more to recruit employees off the street.

Because TRACK was already established, Dr. Schneider faced only very small start-up costs when they established their apprenticeship program. The curriculum that the apprentices use was already established in the TRACK program. Additionally, at the plant, apprentices use the same equipment as the current employees, so Dr. Schneider did not need to purchase any new equipment.

The company does not have internal metrics yet on the relative productivity of apprentices versus other workers, but it already values other benefits from its program that don't easily translate into dollars. Apprenticeship imparts company-specific knowledge related not just to the machines but also the company family—the people—with whom the apprentices are working. By becoming part of the family, apprentices are more likely to remain with Dr. Schneider. The program also honors the company's history as apprenticeship is a way of life in Germany and a way to strengthen the company's ties in its new Russell Springs Community.<sup>36</sup>

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<sup>36</sup> Although not directly related to its apprenticeship program, Dr. Schneider has also received performance-based incentives from the Commonwealth of Kentucky totaling \$7 million of corporate income tax credits and wage assessments by meeting job and investment targets. It also can receive up to \$195,000 sales and use tax incentives tied to construction costs, building fixtures, equipment used in research and development and electronic processing. That said, these incentives would not figure directly into the company's decision to use apprenticeships as one of its job expansion tools, nor directly reduce the cost of that investment to train local staff.